



United States
**Office of
Personnel Management**

Washington, D.C. 20415

In Reply, Refer To:

Your Reference

AGENCY PAYROLL OFFICES
ATTN: CHIEF FINANCIAL OFFICER

DRAFT

The purpose of this letter is to provide agencies with advance operating instructions concerning the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983, P.L. 98-

Public Law 98-21 (the Social Security Amendments of 1983) extends Social Security (SS) coverage to several new groups of Federal employees:

- o Persons first appointed to Federal service on or after January 1, 1984;
- o Former Federal employees who return to Federal employment on or after January 1, 1984, after a break in service of more than 365 consecutive days;
- o Current employees of the legislative branch who are not covered by the Civil Service Retirement System (CSRS) as of December 31, 1983;
- o The President, the Vice President, Members of Congress, Federal judges, some Presidential appointees, and most persons holding non-career appointments in the Senior Executive Service effective January 1, 1984.

Beginning January 1, 1984, the employees noted above will be covered not only by Social Security, but also by any Federal Government retirement system to which their appointments would otherwise entitle them. Thus, many of these employees would be covered under both the CSR and SS systems--i.e., they would be under the new CPDF retirement codes R and T described in FPM Letter 296-93 dated September 1, 1983. (Hereafter, these employees will be referred to as "post-1983 CSR employees.")

Public Law 98- provides for a temporary adjustment to the amount of employee CSR withholdings required under section 8334 of title 5, United States Code. Under this law, most post-1983 CSR employees will only have 1.3% of their basic pay withheld for CSR until January 1, 1986, or, if earlier, the date on which a new Government retirement system to supplement Social Security is created. Agencies, however, will still be required to contribute the normal percentage of basic pay (i.e., 7%, 7.5%, or 8% as appropriate) for post-1983 CSR employees. Therefore, withholdings and agency contributions for most post-1983 CSR employees will not be equal.

DRAFT

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Another important modification of the law permits certain current employees to make various elections concerning coverage. The nature of these elections is described in the attached draft copy of an employee election form. Additional instructions will be issued shortly in an FPM bulletin for handling these elections.

FPM Bulletin No. 831-140, dated November 10, 1983, stated that OPM was not going to revise SF 2812 at this time. However, due to provisions in the law that require the computation of a withholding deficiency, we have decided to redefine the use of the 4 fields that apply to employee withholdings and agency contributions. The following definitions will apply for all payrolls paid on or after January 1, 1984:

SF 2812 FIELDNEW DEFINITION

CIVIL SERVICE RETIREMENT

7%

Withholdings

This line is to be used for withholdings applicable to all CSR employees not subject to Social Security or those covered by SS and electing to continue at the full withholding rate--i.e, 7%, 7.5%, 8% withholdings or primarily CPDF retirement codes 1 and 6 (includes some R and T codes).

Contributions

This line is to be used for agency matching contributions applicable to all CSR employees not subject to Social Security or those covered by SS and electing to continue at the full withholding rate.

%
Withholdings

This line is to be used for all the 1.3% withholdings applicable to most post-1983 CSR employees. All of these employees are covered by CPDF retirement codes R or T.

Contributions

This line is to be used for agency 7%, 7.5%, or 8% contributions applicable to all post-1983 CSR employees with 1.3% withholdings.

As can be seen from the new definitions above, separate reporting of 7.5% and 8% withholdings will not be required each pay period. However, every 6 months (last payroll paid in March and September) OPM will require that this breakdown be supplied. Further information on this special reporting requirement will be supplied before the March 1984 Headcount report. Enclosed is a sample SF 2812 prepared in accordance with these new definitions. We request that all agencies type the number 1.3% in the line entitled "% Withholdings" to ensure proper identification by OPM.

As indicated in FPM Bulletin No. 831-140, agency payroll systems must be capable of identifying and segregating the Individual Retirement Records (SF 2806) of post-1983 CSR employees, together with any monies associated with

these records. For those post-1983 CSR employees who already have an SF 2806 (e.g., Presidential appointees), agencies should start a new SF 2806 for them and close-out the current SF 2806 (using an SF 2807) to OPM effective with the last payroll paid in 1983. The last entry on the closed-out SF 2806 should show "12-31-83" as the effective date and "Social Security Amendments of 1983" as the action. The remarks column (#4) of the old and new SF 2806 should contain the following phrase: "Post-1983 CSR Employee; Social Security coverage as of 1-1-84." Also, a copy of the election form used to elect the level of CSR coverage after 1-1-84 (if applicable) should be attached to the closed-out SF 2806.

Public Law 98- , also contains other provisions concerning a Social Security offset, deposits, crediting of service, transfer of service to a new retirement system, etc. Since these items do not have immediate impact on agency payroll systems and will be the subject of a future FPM release, we have not addressed them in this letter. If you have any questions concerning the subjects discussed in this letter, please discuss them first with your agency's benefit officer. If, after your discussion, you still have a question or problem, we can be contacted on (202) 632-7450.

Sincerely,

DRAFT

James W. Morrison, Jr.
Associate Director
for Compensation

Enclosures

JOURNAL VOUCHER AND REPORT OF WITHHOLDINGS AND CONTRIBUTIONS FOR HEALTH BENEFITS, GROUP LIFE INSURANCE AND CIVIL SERVICE RETIREMENT

Address (Including Department, Bureau, Location and ZIP Code)

XYZ Agency
Budget and Finance Division
Washington, D.C. 20240

Telephone Number (Including Area Code)

202-586-8473

CHARGE AND
CREDIT WILL BE
REPORTED ON
STATEMENT OF
TRANSACTIONS
FOR ACCOUNT-
ING PERIOD
ENDING:

9/84

Payroll Office Number

40-00-0002

Report Number

84-19

Voucher Number

Date Payroll Paid

9/25/84

Pay Period

From:

9/2/84

To:

9/15/84

TO

OFFICE OF PERSONNEL MANAGEMENT
ATTN: FUNDS CONTROL SECTION
POST OFFICE BOX 582
WASHINGTON DC 20044

APPROPRIATION OR FUND SYMBOL(S)

CHARGED

AMOUNT

4030100

120,192.74

CREDIT TO OPM RECEIPT ACCOUNT

24X8135.8 \$ 120,192.74

I certify that the items listed herein are correct and the amount is available
to be credited to the OPM receipt account.

Signature of Authorized Administrative or Certifying Officer and Date Signed

John Smith

9/21/84

COMPLETE ONLY IF
PAID BY A CHECK

Paid by Check Number

Check Date

SUMMARY

NUMBER ENROLLED¹From Whom
Deductions
Were MadeFrom Whom
No Deductions
Were Made

AMOUNT

BASIC LIFE INSURANCE

Withholdings	3,296.16		
Contributions	1,648.08		
Total	\$4,944.24	599	3

ADDITIONAL LIFE INSURANCE WITHHOLDINGS—OPTION B

To Age 35 (9M1)	56.00	70	
35 to 39 (9M2)	66.00	55	
40 to 44 (9M3)	77.90	41	
45 to 49 (9M4)	92.80	32	
50 to 54 (9M5)	117.00	26	
55 to 59 (9M6)	157.50	15	
60 UP (9M7)	154.00	11	1
Total	\$ 721.20	250	1

STANDARD LIFE INSURANCE WITHHOLDINGS—OPTION A

Total	\$ 315.00	195	2
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FAMILY LIFE INSURANCE WITHHOLDINGS—OPTION C

Total	\$ 247.80	237	1
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SUMMARY

NUMBER ENROLLED¹From Whom
Deductions
Were MadeFrom Whom
No Deduction
Were Made

AMOUNT

POST-RETIREMENT BASIC LIFE WITHHOLDINGS

Total	\$ 2,817.16	531	
HEALTH BENEFITS			
Withholdings	39,856.59		
Contributions	35,185.96		
Additional Contributions	846.56		
Total	\$ 75,889.11	572	

CIVIL SERVICE RETIREMENT

7%, 7.5%, 8% Withholdings	15,299.20	560	5
Contributions	15,299.20		
1.3% Withholdings ²	202.95	40	1
Contributions ²	1,092.80		
Salary Offset Reemployed	1,453.13		5
Military Deposit	1,200.00	3	
Civilian Service Credit	710.95	26	
Total	\$ 35,258.23	629	11
GRAND TOTAL	\$ 120,192.74	Number of Employees on Payroll 652	

¹Withholdings by age group and number of enrollees are required on report for last payroll paid in September and March²Use when withholdings and contributions are other than 7%

Disregard

ELECTION OF CIVIL SERVICE RETIREMENT COVERAGE

Part A. Instructions to Employing Agency

Give each official who is entitled to elect whether to continue retirement coverage under Public Law 98-xxx a copy of this form. (These are officials whose positions are covered by civil service retirement and are listed in the Executive Schedule in sections 5312-5317 of title 5, U.S. Code, or who are covered by civil service retirement and are non-career members of the Senior Executive Service.) When the official returns the completed form, the agency must complete the certification in part D. Provide a copy of the certified form to the employee for his or her personal records. A second copy must be filed on the right side of the individual's official personnel folder. The original must be sent to the payroll office, where it will be attached to his or her Standard Form 2806, Individual Retirement Record, which is to be closed out and sent to the Office of Personnel Management according to separate instructions to payroll offices.

If an affected official does not return a signed election before January 1, 1984, complete the identifying information in part B and the certification in part D. Send a copy to the official and file two copies as instructed above.

Enter address to which election form is to be returned.

Part B. Official's Election

Name of Official (Type or Print)	Position Title	Social Security Number
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Beginning January 1, 1984, your position is covered by social security and transitional civil service retirement provisions. However, as a one-time election, you are being permitted to choose whether you want to terminate all civil service retirement or you want to continue under your present civil service retirement coverage.

IMPORTANT: BEFORE MAKING AN ELECTION, BE SURE TO READ THE INFORMATION ON THE REVERSE SIDE OF THIS FORM. RETURN THE COMPLETED FORM TO THE ADDRESS SHOWN ABOVE BEFORE JANUARY 1, 1984.

Consider your election carefully. YOU MAY NOT SUBMIT AN ELECTION OR CHANGE YOUR ELECTION AFTER JANUARY 1, 1984. If you do not return a signed form to the address given above before January 1, your agency will certify that you have not responded and you will automatically be covered under the transitional civil service retirement provisions.

See your personnel office if you have questions.

NO CIVIL SERVICE RETIREMENT COVERAGE

I elect not to participate in any civil service retirement plan. I UNDERSTAND THAT I MUST CONTRIBUTE TO SOCIAL SECURITY.

CONTINUED CIVIL SERVICE RETIREMENT COVERAGE

I elect to remain under the Civil Service Retirement System on and after January 1, 1984, and to pay the contribution (7 or 7½% of pay as applicable) for civil service retirement benefits. I UNDERSTAND THAT I MUST CONTRIBUTE TO SOCIAL SECURITY ALSO.

Signature	Date	Signature	Date
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Part C. Official's Declination

COVERAGE UNDER THE TRANSITIONAL CIVIL SERVICE RETIREMENT PROVISIONS

I understand that I have a one-time opportunity to elect to have no civil service retirement coverage at all, or to remain under the Civil Service Retirement System. I prefer to be covered under the transitional civil service retirement provisions. I UNDERSTAND THAT I MUST CONTRIBUTE TO SOCIAL SECURITY ALSO.

Signature	Date
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Part D. Agency Certification

I certify that the above named official is entitled to elect retirement coverage effective January 1, 1984, under Public Law 98-xxx, and (check one)

- ☐ the official completed and returned this election before January 1, 1984.
- ☐ the official was contacted on _____ (Date form distributed) and did not complete the election before January 1, 1984.

Signature of Director of Personnel	Agency	Date
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CIVIL SERVICE RETIREMENT ELECTION INFORMATION FOR COVERED OFFICIALS

On January 1, 1984, your position will be placed under Social Security coverage and a transitional Civil Service Retirement plan. However, Public Law 98-xxx allows you to modify your Civil Service Retirement coverage. Your options and important information about them are described below. **NO MATTER WHAT SELECTION YOU MAKE YOU WILL REMAIN COVERED BY SOCIAL SECURITY.**

COVERAGE UNDER THE TRANSITIONAL CIVIL SERVICE PROVISIONS

Under this provision you will contribute 1.3 percent of your basic pay for civil service retirement coverage beginning on January 1, 1984.

If you retire during this transitional period for any reason other than disability, you will have to deposit the difference between the 1.3 percent you actually paid and the total amount you would have contributed under the rules for the regular Civil Service Retirement System to receive credit for service during the transitional period. If you are a disability retiree, or die in service and your survivor(s) is entitled to a survivor annuity, no deposit is necessary to receive credit for service during the transitional period. Civil service disability and survivor benefits which begin during the transitional period will, however, be offset by the amount of any Social Security benefit that is attributable to service performed after January 1, 1984. In the case of survivor benefits, the offset can be eliminated if you make a deposit before your death.

NO CIVIL SERVICE RETIREMENT COVERAGE

You may choose to end your civil service retirement coverage on December 31, 1983. Beginning January 1, 1984, you will be covered only by Social Security.

If you choose this option, you may apply to receive a refund of your civil service retirement deductions if you are not eligible for immediate annuity.

CONTINUED CIVIL SERVICE RETIREMENT SYSTEM COVERAGE

Under this option your coverage under the Civil Service Retirement System continues with no change, and you will continue to pay the 7% retirement deduction (7.5% if you are in a position covered by law enforcement/firefighter provisions in U.S.C. 8336(c)). You will be entitled to credit under both Social Security and the Civil Service Retirement System for your service beginning January 1, 1984.

PRIVACY ACT STATEMENT

Solicitation of this information is authorized by Public Law 98-xxx. The information you furnish will be used to determine your civil service retirement coverage on and after January 1, 1984. Furnishing your Social Security number, as well as other data, is voluntary, but failure to do so may result in the loss of your opportunity to make this election on the basis of information furnished by you.

Table 1

POST-1983 EMPLOYEES PARTICIPATING IN THE CIVIL SERVICE RETIREMENT (CSR) SYSTEM

POST-1983 CSR EMPLOYEES (CSR employees who are covered by Social Security under Public Law 98-21)	RETIREMENT PROGRAM	EMPLOYEE WITHHOLDINGS		AGENCY CONTRIBUTIONS		CPDF RETIREMENT CODE
		WITHHOLDING RATE	LOCATION OF 2812 FIELD	CONTRIBUTION RATE	LOCATION OF 2812 FIELD	
<u>regular</u> post-1983 CSR employees (employees who participate in CSR and who are first hired by Government on or after 1/1/84 or rehired on or after 1/1/84 after a break in service of over 365 consecutive days; excluding reemployed civilian annuitants and special post-1983 employees)	transitional program in CSR system	reduced rate 1.3%	3rd row under CSR heading	normal rate 7.0% 7.5% 8.0%	4th row under CSR heading	R T
<u>special</u> post-1983 CSR employees (employees who participate in CSR and who perform special service; e.g., certain Members of Congress, individuals in Executive Schedule positions, noncareer members of the Senior Executive Service and Senior Foreign Service, top officials in the White House, and Federal judges)	transitional program in CSR system	reduced rate 1.3%	3rd row under CSR heading	normal rate 7.0% 7.5% 8.0%	4th row under CSR heading	R T
	normal program in CSR system	normal rate 7.0% 7.5% 8.0%	1st row under CSR heading	normal rate 7.0% 7.5% 8.0%	2nd row under CSR heading	R * T

* The absence of separate CPDF codes for special post-1983 employees who participate in normal CSR may necessitate that individual payroll systems be adjusted to generate the proper CSR and SS withholdings.